

VILLAGE OF DWIGHT
DWIGHT, ILLINOIS
ANNUAL FINANCIAL REPORT
MARCH 31, 2016



Prepared by:

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INDEPENDENT AUDITORS' REPORT



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Independent Auditors' Report

To the Honorable Mayor and
Village Board of Trustees
Village of Dwight, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dwight, Illinois, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dwight, Illinois, as of March 31, 2016, and the respective changes in modified cash basis financial position and, where applicable, cash flows, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Dwight, Illinois' basic financial statements. The other information on pages 32-43, and the supplementary information on pages 44-64 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The IMRF pension data schedules, and the assessed valuations, tax rates, tax extensions and tax collections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Comparative Information

We previously audited the March 31, 2015 financial statements. The summarized comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived. Such information is presented for comparison purposes only.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, on our consideration of the Village of Dwight, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Dwight, Illinois' internal control over financial reporting and compliance.

Mack & Associates, P.C.
Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
June 27, 2016

BASIC FINANCIAL STATEMENTS

**Government-wide Financial Statement
Statement of Net Position - Modified Cash Basis
March 31, 2016**

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2016	2015
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 922,381	704,692	1,627,073	1,937,760
Accounts receivable	-	57,044	57,044	55,194
Total current assets	922,381	761,736	1,684,117	1,992,954
Non-current assets:				
Capital Assets				
Land	171,366	45,500	216,866	216,866
Equipment	1,535,743	1,102,017	2,637,760	2,479,978
Buildings and improvements	3,228,124	128,914	3,357,038	3,351,834
Construction in progress	1,784,826	-	1,784,826	-
Infrastructure	2,949,389	17,932,277	20,881,666	20,881,666
Accumulated Depreciation	(3,710,406)	(9,002,380)	(12,712,786)	(12,125,344)
Total non-current assets	5,959,042	10,206,328	16,165,370	14,805,000
Total assets	\$ 6,881,423	10,968,064	17,849,487	16,797,954
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ -	2,789	2,789	7,562
Customer deposits	-	13,110	13,110	13,310
Due within one year:				
Bonds payable	-	295,000	295,000	395,000
EPA loan payable	-	440,511	440,511	429,159
Total current liabilities	-	751,410	751,410	845,031
Long-term Liabilities:				
Due in more than one year:				
Bonds payable	-	-	-	295,000
EPA loan payable	-	3,097,765	3,097,765	3,538,277
Total long-term liabilities	-	3,097,765	3,097,765	3,833,277
Total liabilities	-	3,849,175	3,849,175	4,678,308
<u>Net Position</u>				
Net investment in capital assets	5,959,042	6,373,052	12,332,094	10,147,564
Restricted	894,574	76,676	971,250	735,786
Unrestricted	27,807	669,161	696,968	1,236,296
Total net position	\$ 6,881,423	7,118,889	14,000,312	12,119,646

The Notes to Basic Financial Statements are an integral part of this statement.

Government-wide Financial Statement
 Statement of Activities - Modified Cash Basis
 For the Year Ended March 31, 2016

Program Activities	Program Revenues			Net (Expenditures) Revenue and Changes in Net Position		
	Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 1,232,339	-	-	(1,104,023)	-	(1,104,023)
Garbage services	303,627	-	-	2,849	-	(3,376)
Public safety	1,637,156	-	-	(1,255,505)	-	(1,299,852)
Streets and lighting	254,310	1,451,917	-	1,197,607	-	(231,856)
Culture and recreation	209,668	-	-	(178,719)	-	(154,857)
Unallocated interest - expense	1,853	-	-	(1,853)	-	(10,964)
Total governmental activities	3,638,953	1,451,917	-	(1,339,644)	-	(2,831,928)
Business-type activities:						
Waterworks	589,679	-	-	-	223,099	197,584
Sewer	791,108	-	-	-	273,093	157,467
Total business-type activities	1,380,787	-	-	-	496,192	355,051
Total primary government	\$ 5,019,740	1,451,917	-	(1,339,644)	496,192	(2,476,877)

General revenues:

Taxes:						
Property taxes	\$ 674,884					674,884
Utility tax	327,855					327,855
Sales tax	604,162					604,162
Income tax	460,630					460,630
Replacement tax	45,876					45,876
Local use tax	94,750					94,750
TIF revenue	119,455					119,455
Motor fuel tax	105,056					105,056
Hotel/Motel tax	33,098					33,098
Video gaming tax	84,599					84,599
Interest on investments	5,787	343				6,130
Donations	9,142					9,142
Reimbursements	12,023					12,023
Miscellaneous	144,932		1,526			146,458
Total general revenues	2,722,249		1,869			2,724,118
Special item - contributed capital						25,671
Change in net position				1,382,605	498,061	1,880,666
Net position, beginning of year				5,498,818	6,620,828	12,119,646
Net position, end of year				\$ 6,881,423	7,118,889	14,000,312

The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Assets, Liabilities and Fund Balances
Modified Cash Basis - Governmental Funds
March 31, 2016**

	Major Funds			Total	
	General Fund	Reserve Capital Expenditures Fund	Non-major Governmental Funds	Governmental Funds 2016	Governmental Funds 2015
<u>Assets</u>					
Cash	\$ 538,666	-	496,591	1,035,257	1,231,601
Due from TIF Fund	-	-	-	-	14,000
Total assets	<u>\$ 538,666</u>	<u>-</u>	<u>496,591</u>	<u>1,035,257</u>	<u>1,245,601</u>
<u>Liabilities and fund balances</u>					
Liabilities:					
Overdrafts payable	\$ -	112,876	-	112,876	-
Due to General Fund	-	-	-	-	14,000
Total liabilities	<u>-</u>	<u>112,876</u>	<u>-</u>	<u>112,876</u>	<u>14,000</u>
Fund balances:					
Unassigned	390,068	(513,674)	-	(123,606)	330,324
Assigned	-	-	8,665	8,665	62,610
Committed	142,748	-	-	142,748	181,453
Restricted	5,850	400,798	487,926	894,574	657,214
Total fund balances	<u>538,666</u>	<u>(112,876)</u>	<u>496,591</u>	<u>922,381</u>	<u>1,231,601</u>
Total liabilities and fund balances	<u>\$ 538,666</u>	<u>-</u>	<u>496,591</u>		

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities of \$9,669,448 (net of accumulated depreciation of \$3,710,406) are not financial resources and, therefore, are not reported in the funds.	5,959,042	4,332,217
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.	-	(65,000)
Net position of governmental activities	<u>\$ 6,881,423</u>	<u>5,498,818</u>

**Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2016**

	Major Funds			Total	
	General	Reserve Capital	Non-major	Governmental Funds	
	Fund	Expenditures	Governmental	2016	2015
		Fund	Funds		
Revenues received:					
Property taxes	\$ 418,941	-	255,943	674,884	677,344
Utility tax	327,855	-	-	327,855	348,342
Sales tax	604,162	-	-	604,162	644,910
Income tax	460,630	-	-	460,630	403,431
Replacement tax	45,876	-	-	45,876	41,487
Local use tax	94,750	-	-	94,750	83,226
Hotel/Motel tax	33,098	-	-	33,098	28,551
Video gaming tax	84,599	-	-	84,599	59,222
Interest income	2,123	3,285	379	5,787	6,402
Motor Fuel Tax	-	-	105,056	105,056	143,116
TIF Revenue	-	-	119,455	119,455	122,676
Charges for Services	719,076	-	-	719,076	578,267
Fines, fees, and forfeitures	77,857	-	-	77,857	74,372
Grants	1,842	1,450,075	-	1,451,917	7,804
Licenses and permits	50,459	-	-	50,459	55,236
Donations	9,142	-	-	9,142	5,784
Reimbursements	1,023	-	11,000	12,023	7,813
Miscellaneous	88,029	56,625	278	144,932	42,053
Total revenues received	3,019,462	1,509,985	492,111	5,021,558	3,330,036
Expenditures disbursed:					
Current:					
General government	417,424	135,043	254,431	806,898	984,004
Garbage services	303,627	-	-	303,627	297,021
Public safety	1,637,156	-	-	1,637,156	1,558,495
Streets and lighting	254,310	-	-	254,310	239,660
Culture and recreation	209,668	-	-	209,668	180,836
Capital Outlay	-	2,052,266	-	2,052,266	471,501
Debt Service					
Principal	-	-	65,000	65,000	225,000
Interest	-	-	1,853	1,853	10,964
Total expenditures disbursed	2,822,184	2,187,309	321,284	5,330,778	3,967,481
Excess (deficiency) of revenues received over (under) expenditures disbursed	197,278	(677,324)	170,827	(309,220)	(637,445)

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2016

	Major Funds			Total	
	General Fund	Reserve Capital Expenditures Fund	Non-major Governmental Funds	Governmental Funds 2016	Governmental Funds 2015
Other financing sources (uses):					
Transfers In	\$ -	87,643	67,353	154,996	628,244
Transfers Out	(154,996)	-	-	(154,996)	(628,244)
Total other financing sources (uses)	(154,996)	87,643	67,353	-	-
Net Change in fund balance	42,281	(589,681)	238,180	(309,220)	(637,445)
Fund balances - beginning	496,385	476,805	258,411	1,231,601	1,869,046
Fund balances - ending	\$ 538,666	(112,876)	496,591	922,381	1,231,601

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - total governmental funds \$ (309,220) (637,445)

Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Bonds Payable	65,000	225,000
Notes Payable	-	34,803

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The change in fund balance must be increased by capital purchases and decreased by depreciation expense.

Purchase of capital assets	1,872,212	432,610
Disposal of assets, net of depreciation	-	(17,477)
Depreciation	(245,387)	(255,062)

Change in net position of governmental activities (Statement B) \$ 1,382,605 (217,571)

Statement of Fund Net Position
Proprietary Funds
March 31, 2016

	Major Funds					March 31,	
	Waterworks Fund	Water Capital Project Fund	Sewer Fund	Sewer Replacement Reserve Fund	Water Bond Fund	2016	2015
Assets							
Current assets:							
Cash	\$ 316,801	76,676	245,389	65,826	-	704,692	706,159
Accounts receivable	25,363	-	31,681	-	-	57,044	55,194
Total current assets	342,164	76,676	277,070	65,826	-	761,736	761,353
Non-current assets:							
Land	10,500	-	35,000	-	-	45,500	45,500
Buildings & improvements	128,914	-	-	-	-	128,914	128,914
Equipment	644,066	-	457,951	-	-	1,102,017	885,571
Infrastructure	6,875,128	-	11,057,149	-	-	17,932,277	17,932,277
Accumulated depreciation	(3,746,574)	-	(5,255,806)	-	-	(9,002,380)	(8,519,479)
Total non-current assets	3,912,034	-	6,294,294	-	-	10,206,328	10,472,783
Total assets	\$ 4,254,198	76,676	6,571,364	65,826	-	10,968,064	11,234,136
Liabilities							
Current liabilities:							
Accounts payable	\$ 387	-	2,402	-	-	2,789	7,562
Customer deposits	13,110	-	-	-	-	13,110	13,310
Bonds payable - current portion	295,000	-	-	-	-	295,000	330,000
EPA loan payable - current portion	-	-	227,223	213,288	-	440,511	429,159
Total current liabilities	308,497	-	229,625	213,288	-	751,410	780,031
Long-term liabilities:							
Bonds payable - long term portion	-	-	-	-	-	-	295,000
EPA Loan Payable - long term portion	-	-	507,054	2,590,711	-	3,097,765	3,538,277
Total long-term liabilities	-	-	507,054	2,590,711	-	3,097,765	3,833,277
Total liabilities	308,497	-	736,679	2,803,999	-	3,849,175	4,613,308
Net Position							
Invested in capital assets, net of related debt	3,617,034	-	5,560,017	(2,803,999)	-	6,373,052	5,880,347
Restricted	-	76,676	-	-	-	76,676	78,572
Unrestricted	328,667	-	274,668	65,826	-	669,161	661,909
Total net position (deficit)	\$ 3,945,701	76,676	5,834,685	(2,738,173)	-	7,118,889	6,620,828

The Notes to Basic Financial Statements are an integral part of this statement.

VILLAGE OF DWIGHT, ILLINOIS

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended March 31, 2016

	Major Funds					Year Ended March 31, 2015
	Waterworks Fund	Water Capital Project Fund	Sewer Fund	Replacement Reserve Fund	Water Bond Fund	
Operating revenues:						
Sewer charges	-	-	855,360	208,841	-	1,064,201
Water charges	810,684	2,094	-	-	-	812,778
Other	1,413	-	113	-	-	1,526
Total operating revenues	812,097	2,094	855,473	208,841	-	1,878,505
Operating expenses:						
Water and sewer operations	353,551	7,491	419,760	-	-	780,802
Depreciation	209,476	-	273,425	-	-	482,901
Total operating expenses	563,027	7,491	693,185	-	-	1,263,703
Operating income (loss)	249,070	(5,397)	162,288	208,841	-	614,802
Non-operating revenues (expenses):						
Agent fees	-	-	-	-	(475)	(495)
Interest income	142	71	70	60	-	343
Interest expense	(1,256)	-	-	(97,923)	(17,430)	(116,609)
Total non-operating revenues (expenses)	(1,114)	71	70	(97,863)	(17,905)	(135,192)
Income (loss) before contributions and transfers	247,956	(5,326)	162,358	110,978	(17,905)	498,061
Contributed capital	-	-	-	-	-	25,671
Transfers in	-	3,430	-	63,914	17,905	85,249
Transfers out	(21,335)	-	(63,914)	-	-	(85,249)
Total	(21,335)	3,430	(63,914)	63,914	17,905	25,671
Change in net position	226,621	(1,896)	98,444	174,892	-	498,061
Total net position (deficit) - beginning	3,719,080	78,572	5,736,241	(2,913,065)	-	6,620,828
Total net position (deficit) - ending	\$ 3,945,701	76,676	5,834,685	(2,738,173)	-	7,118,889

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2016

	Year Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Receipts from customers	\$ 1,876,655	1,794,334
Payments for goods and services	(421,651)	(394,539)
Payments to employees	(363,924)	(389,712)
Net cash provided by operating activities	<u>1,091,080</u>	<u>1,010,083</u>
Cash flows from noncapital financing activities:		
Increase/(decrease) in current liabilities	(200)	900
Net cash provided by (used in) noncapital financing activities	<u>(200)</u>	<u>900</u>
Cash flows from capital financing activities:		
Capital purchases	(216,446)	(16,761)
Loss on disposals	-	9,132
Principal paid on capital debt	(759,160)	(777,904)
Interest paid on loan payable	(117,084)	(135,590)
Net cash provided by (used in) capital financing activities	<u>(1,092,690)</u>	<u>(921,123)</u>
Cash flows from investing activities:		
Interest	343	398
Net cash provided by investing activities	<u>343</u>	<u>398</u>
Net increase (decrease) in cash and cash equivalents	(1,467)	90,258
Cash balance - beginning of the year	<u>706,159</u>	<u>615,901</u>
Cash Balance - end of the year	<u>\$ 704,692</u>	<u>706,159</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 614,802	492,167
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	482,901	472,764
Changes in assets and liabilities	(6,623)	45,152
Net cash provided by operating activities	<u>\$ 1,091,080</u>	<u>1,010,083</u>

Statement of Fiduciary Net Position
 Agency Funds
 March 31, 2016

		March 31,	
		2016	2015
	<u>Assets</u>		
Cash		\$ 4,688	4,534
Total assets		<u>\$ 4,688</u>	<u>4,534</u>
	<u>Liabilities</u>		
Payable to others		\$ 4,688	4,534
Total liabilities		<u>\$ 4,688</u>	<u>4,534</u>

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Dwight have been prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Illinois, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Village's accounting policies are described below.

A. Reporting Entity

The Village Board is the basic level of government which has oversight responsibility and control over all activities related to the operation of the Village of Dwight, the primary government unit. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding sources entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The Village follows the provision of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of Statement No. 14." As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

The Village, for financial purposes, includes all funds relevant to the operations of the Village. The accompanying financial statements present the Village's primary government over which the Village exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Village. The Village did not omit from the financial statements any agency that met the inclusion criteria. In addition, the Village is not aware of any entity which would exercise such oversight as to result in the Village being considered a component unit of the entity.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. *Reporting Entity – (Continued)*

Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of the inter-fund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to citizens or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Earnings on investments not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the modified cash basis of accounting. Revenues are recorded when cash is received and expenses are recorded when cash is paid.

B. *Fund Accounting*

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, or expenses, as appropriate. Village resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Village has the following funds:

Governmental Fund Types - Governmental funds are those through which general governmental functions of the Village are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the Village's major governmental funds:

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. *Fund Accounting* – (Continued)

General Fund - The General Fund is the general operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the Village, including operation of the Village's general service departments, street and highway maintenance, and public safety are accounted for in this fund.

Reserve for Capital Expenditures Fund – accounts for funds set aside for the acquisition of capital assets, except for those funded by enterprise fund activities.

The other governmental funds of the Village are considered non-major and are as follows:

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds to specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds are:

FICA/MRF Fund – accounts for taxes restricted for payment of retirement benefits to social security and the Illinois Municipal Retirement Fund.

CDAP Economic Development – accounts for funds restricted for loans and grants to encourage economic development in the Village.

Commercial Rent Subsidy Fund – accounts for funds restricted for providing rent subsidies for one year with the intent to benefit tenants and landlords by better utilization of existing commercial structures in the Village.

Commercial Rehabilitation Loan Fund – accounts for funds restricted for loans provided from a consortium of lending institutions in financing the restoration and/or rehabilitation of properties in the area. (This fund was closed during the year ended March 31, 2015.)

Motor Fuel Tax Fund - The Motor Fuel Tax Fund is a Special Revenue Fund used to account for the motor fuel tax monies received from the State of Illinois. These monies are restricted for street and road project expenditures approved by the State of Illinois.

TIF Fund - The TIF Fund is described in detail in Note 16 to these financial statements.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The Public Service Bond Fund is the Village's only Debt Service fund, as the 2005 MFT Bond Fund was closed during the year ended March 31, 2015 when the MFT bonds were paid in full. The fund balances of the funds are reserved to signify the amounts that are restricted exclusively for debt service expenses.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village did not report any Capital Project Funds for the year ended March 31, 2016.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. Fund Accounting – (Continued)

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed and recovered primarily through user charges. The Waterworks Fund, Water Capital Fund, Sewer Fund, Sewer Replacement Fund, and Water Bond Fund are the major enterprise funds of the Village. Operating revenues include user charges and reimbursements, and operating expenses include the costs associated with providing goods and services to the public. Non-operating revenues and expenses include interest and fiscal agent fees.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the cash basis of accounting. Revenues are recognized when cash is received. Expenditures are recognized when checks are written.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned. Expenses are recognized when incurred.

Accrual basis financial statements include recognition of receivables and payables and other accrued and deferred items.

D. Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets.

The reported fund balance (net position) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. Capital Assets and Long-Term Liabilities – (Continued)

Depreciation is provided in amounts sufficient to relate costs of the depreciable assets to operations over their estimated service lives on the straight-line basis. Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. The service lives by type of asset are as follows:

Buildings & Infrastructure	40 years
Improvements	10 years
Equipment	7 years

E. Property Taxes

On the cash basis of accounting, property taxes are recognized as revenues when they are received. Property taxes are levied and attach as an enforceable lien on property on January 1 and are payable in two installments due on June 1 and September 1 subsequent to the year of levy.

The 2014 property tax levy, in the amount of \$632,000, reduced by statutory limitations to \$608,653, was received by the Village in the current fiscal year. The 2015 tax levy in the amount of \$635,575, reduced by statutory limitations to \$630,179, was adopted on December 14, 2015 and will be received by the Village in the subsequent fiscal year.

F. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. Certain amounts for 2015 may have been reclassified to conform to the 2016 presentation.

NOTE 2: CASH AND INVESTMENTS

Illinois statute authorizes the Village to invest in obligations of the U.S. Treasury, U.S. Agencies and banks and savings and loan associations covered by the federal depository insurance. The Village may also invest in commercial paper of U.S. corporations with assets exceeding \$500,000,000 provided that (a) the obligations are rated with the three highest classifications by at least two standards rating services and they mature within 180 days from the date of purchase, and (b) no more than 25% of any fund is invested in such obligation at any one time and (c) such purchases do not exceed 10% of the corporation's outstanding obligations.

Cash and cash equivalents, for reporting purposes, include bank accounts, petty cash and all short-term investments with a remaining maturity of three months or less when purchased, such as certificates of deposit. All amounts are stated at cost which approximates market.

Separate bank accounts are not maintained for all Village funds. Certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 2: CASH AND INVESTMENTS – (Continued)

Occasionally funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Board. Such overdrafts constitute inter-fund loans.

Cash and investments as of March 31, 2016 are classified as cash and cash equivalents on the Statement of Net Position, and include the following:

Cash	\$ 489,307
Investments	<u>1,137,766</u>
Total	<u>\$ 1,627,073</u>

The Village's deposits and certificates of deposits are required to be covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the Village's deposits at each financial institution. Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution. At March 31, 2016, the bank balance of the Village's deposits was \$1,916,971 and the carrying amount was \$1,626,873 (excluding petty cash of \$200).

Custodial Credit Risk:

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. The Village does not have a deposit policy for custodial credit risk.

NOTE 3: PERSONAL PROPERTY REPLACEMENT TAX

The Village receives Personal Property Replacement Tax, which represents an additional State of Illinois income tax on corporations (certain utilities), trusts, partnerships, and Subchapter S corporations and a new tax on the invested capital of public utilities providing gas, communications, electrical and waste services.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 171,366	-	-	171,366
Construction in progress	-	1,784,826	-	1,784,826
Total capital assets not being depreciated:	171,366	1,784,826	-	1,956,192
Capital assets being depreciated				
Machinery & equipment	1,594,407	82,182	(140,846)	1,535,743
Infrastructure	2,949,389	-	-	2,949,389
Buildings	3,222,920	5,204	-	3,228,124
Total capital assets being depreciated	7,766,716	87,386	(140,846)	7,713,256
Less accumulated depreciation for:				
Machinery & equipment	(1,237,308)	(108,518)	140,846	(1,204,980)
Infrastructure	(531,805)	(73,735)	-	(605,540)
Buildings	(1,836,752)	(63,134)	-	(1,899,886)
Total accumulated depreciation	(3,605,865)	(245,387)	140,846	(3,710,406)
Total capital assets being depreciated, net	4,160,851	(158,001)	-	4,002,850
Governmental activities capital assets, net	\$ 4,332,217	1,626,825	-	5,959,042
Business-Type Activities:				
Capital assets not being depreciated:				
Land - Water Fund	\$ 10,500	-	-	10,500
Land - Sewer Fund	35,000	-	-	35,000
Total capital assets not being depreciated	45,500	-	-	45,500
Capital assets being depreciated:				
Buildings/infrastructure - Water Fund	128,914	-	-	128,914
Utility Systems - Water Fund	6,875,125	-	-	6,875,125
Equipment - Water Fund	436,121	207,946	-	644,067
Utility Systems - Sewer Fund	11,057,148	-	-	11,057,148
Equipment - Sewer Fund	449,454	8,500	-	457,954
Total capital assets being depreciated	18,946,762	216,446	-	19,163,208
Less accumulated depreciation for:				
Buildings/infrastructure - Water Fund	(128,913)	-	-	(128,913)
Utility Systems - Water Fund	(3,049,734)	(171,878)	-	(3,221,612)
Equipment - Water Fund	(358,450)	(37,598)	-	(396,048)
Utility Systems - Sewer Fund	(4,582,739)	(259,979)	-	(4,842,718)
Equipment - Sewer Fund	(399,643)	(13,446)	-	(413,089)
Total accumulated depreciation	(8,519,479)	(482,901)	-	(9,002,380)
Total capital assets being depreciated, net	10,427,283	(266,455)	-	10,160,828
Business-type activities capital assets, net	\$ 10,472,783	(266,455)	-	10,206,328

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 4: CAPITAL ASSETS – (Continued)

Significant additions for the year ended March 31, 2016 included the following:

Governmental Activities:	
High Speed Rail Depot (Construction in Progress)	\$ 1,784,826
2015 Ford F-550 Truck	75,370
Business-Type Activities:	
Route 66 Water Tank	\$ 207,946

Governmental activities depreciation of \$245,387 was charged to general government. Business-type activities depreciation of \$482,901 was allocated to Waterworks (\$209,476) and Sewer (\$273,425).

NOTE 5: CHANGE IN LONG-TERM OBLIGATIONS

The following is a summary of general long-term debt transactions of the Village for the year ended March 31, 2016:

Type of Debt	Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
Governmental Activities:					
Bonds Payable - Series 2009	\$ 65,000	-	65,000	-	-
Total Governmental Activities	\$ 65,000	-	65,000	-	-
Business-type Activities:					
Bonds Payable - Series 2010	\$ 625,000	-	330,000	295,000	295,000
IEPA Loan Payable	3,012,054	-	208,055	2,803,999	213,288
IEPA Loan Payable	339,131	-	132,740	206,391	136,604
IEPA Loan Payable	616,251	-	88,365	527,886	90,619
Total Business-type Activities	\$ 4,592,436	-	759,160	3,833,276	735,511

At March 31, 2016, bonds and notes payable consisted of the following:

\$630,000 – Refunding Bond (Alternate Revenue Source) Series 2009, due in annual installments of \$75,000 - \$105,000 from December 1, 2009 through December 1, 2016, interest ranges from 2.5% to 2.85%. The bond was paid in full during the year ended March 31, 2016 from the Public Service Bond Fund.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 5: CHANGE IN LONG-TERM OBLIGATIONS -- (Continued)

\$1,840,000 – 1994 General Obligation Refunding Waterworks Bonds, Series 2010, payable beginning December 1, 2011 through December 1, 2016, interest ranges from 2.3% to 3.00% and are not subject to redemption prior to maturity. Principal payments are made from the Waterworks Fund. Interest is paid from the Water Bond Fund.

Due During Year Ended March 31,	Principal	Interest		Total
		June 1	December 1	
2017	\$ 295,000	4,425	4,425	303,850
	\$ 295,000	4,425	4,425	303,850

Note Payable – Illinois Environmental Protection Agency (IEPA), payable in semi-annual installments of \$70,795 inclusive of interest, term of the loan agreement is from July 17, 1998 to July 17, 2017, interest rate of 2.89%. Payments are made from the Sewer Fund.

Due During Year Ended March 31,	Principal	Interest		Total
		July 1	January 1	
2017	\$ 136,604	2,982	2,002	141,588
2018	69,787	1,012	-	70,799
	\$ 206,391	3,994	2,002	212,387

Note Payable – Illinois Environmental Protection Agency (IEPA), payable in semi-annual installments of \$51,715 inclusive of interest, term of the loan agreement is from June 1, 2002 to June 1, 2021, interest rate of 2.535%. Payments are made from the Sewer Fund.

Due During Year Ended March 31,	Principal	Interest		Total
		July 1	January 1	
2017	\$ 90,619	6,691	6,120	103,430
2018	92,887	5,576	4,967	103,430
2019	95,302	4,364	3,764	103,430
2020	97,733	3,156	2,541	103,430
2021	100,226	1,918	1,286	103,430
2022	51,119	648	-	51,767
	\$ 527,886	22,353	18,678	568,917

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 5: CHANGE IN LONG-TERM OBLIGATIONS – (Continued)

\$4,500,000 Note Payable - Illinois Environmental Protection Agency (IEPA), payable in semi-annual installments inclusive of interest at 2.5%, term of the loan agreement is from November 15, 2006 to December 15, 2027. Payments are made from the Sewer Replacement Reserve Fund.

Due During Year Ended March 31,	Principal	Interest		Total
		September 27	March 27	
2017	\$ 213,288	35,051	33,725	282,064
2018	218,654	32,384	31,026	282,064
2019	224,155	29,651	28,258	282,064
2020	229,794	26,849	25,421	282,064
2021	235,575	23,976	22,513	282,064
2022	241,500	21,032	19,532	282,064
2023	247,576	18,013	16,475	282,064
2024	253,804	14,918	13,342	282,064
2025	260,188	11,746	10,130	282,064
2026	266,734	8,493	6,837	282,064
2027	273,444	5,159	3,461	282,064
2028	139,287	1,745	-	141,032
	<u>\$ 2,803,999</u>	<u>229,017</u>	<u>210,720</u>	<u>3,243,736</u>

NOTE 6: INDIVIDUAL FUND DISCLOSURES

During the course of normal operations, the Village has numerous transactions among funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary type funds financial statements generally reflect such transactions as transfers.

All Village funds record these payments to internal service funds as operating expenses. The proprietary funds record operating subsidies as other income whereas the fund paying the subsidy records it as either an expenditure or transfer.

A temporary transfer was made from the General Fund to cover TIF Fund expenditures in a prior year, and the remainder of the outstanding balance (\$14,000) was repaid in the current year.

The transfers represent both routine and non-routine items. Generally, transfers occur to meet the operating purposes of another fund. Transfers were made to debt service and capital reserve funds from the General Fund and the MFT Fund. Transfers were made to capital projects and debt service funds from the Water & Sewer Funds.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 6: INDIVIDUAL FUND DISCLOSURES – (Continued)

Fund	Transfer from Other Funds	Transfer to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ -	154,996
Reserve Capital Expenditures	87,643	-
Non-major Funds:		
Public Service Bond Fund	67,353	-
Total Governmental Funds	<u>154,996</u>	<u>154,996</u>
Business-type Funds:		
Water Capital Project Fund	3,430	-
Water Fund	-	21,335
Water Bond Fund	17,905	-
Sewer Replacement Reserve	63,914	-
Sewer Fund	-	63,914
Total Business-type Funds:	<u>85,249</u>	<u>85,249</u>
Total Transfers	<u>\$ 240,245</u>	<u>240,245</u>

NOTE 7: PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Village is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the Village participated in the Illinois Municipal Insurance Cooperative. The Village's deductible under this plan is \$1,000. The Village's policy is to record any related expenditures in the year in which the Village is notified and pays the assessment. The Village is not aware of any additional assessments owed as of March 31, 2016.

During the year ended March 31, 2016, there were no significant reductions in insurance coverage from the prior year. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 8: CONTINGENCIES - LITIGATION

The Village is not a defendant in any current litigation. With regards to other pending matters, the eventual outcome and the related liability, if any, is not determinable at this time.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2016

NOTE 9: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)

Plan Description – The Village’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided – IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). All of the Village’s employees participate in the Regular Plan.

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of services, credit plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 9: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) - (Continued)

Employees Covered by Benefit Terms – As of December 31, 2015, the following Village employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	23
Inactive Plan Members entitled to but not yet receiving benefits	9
Active Plan Members	<u>23</u>
Total	<u><u>55</u></u>

Contributions – As set by statute, the Village's Regular Plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate and actual Village contributions for calendar year 2015 and the fiscal year ended March 31, 2016 are summarized below. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Plan member required contribution rate	4.50%
Village required contribution rate for 2015	10.51%
Village required contribution rate for 2016	10.92%
Village actual contributions for 2015	\$ 133,480
Village actual contributions for fiscal year 2016	\$ 139,503

Net Pension Liability – The Village's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At December 31, 2015, the Village had a net pension liability for the plan, determined as follows:

Total Pension Liability	\$ 8,024,902
Plan Fiduciary Net Position	7,036,434
Net Pension Liability	<u><u>\$ 988,468</u></u>

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 3.5%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 9: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) - (Continued)

Actuarial Assumptions (continued)

- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Single Discount Rate - A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 9: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) - (Continued)

Single Discount Rate (continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

Changes in the Net Pension Liability – A schedule of changes in the net pension liability and related ratios can be found on Schedule 1 of the Other Information section of this report.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Plan's net pension liability, calculated using a single discount rate of 7.48%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Decrease 6.48%	Current Single Discount Rate Assumption 7.48%	1% Increase 8.48%
Total Pension Liability	\$ 9,094,905	8,024,902	7,145,139
Plan Fiduciary Net Position	7,036,434	7,036,434	7,036,434
Net Pension Liability	<u>\$ 2,058,471</u>	<u>988,468</u>	<u>108,705</u>

NOTE 10: COMPENSATED ABSENCES

The Village provides full-time employees with vacation, sick, and personal leave in varying amounts.

Vacation pay is awarded, based on years of service, annually at the beginning of each employee's employment anniversary date. Vacation must be taken during the year and may only be carried over if approved by the employee's immediate supervisor. Unused vacation days are paid to all employees upon separation of service. The Village's obligation for unused vacation at March 31, 2016 was \$82,665.

Each employee is awarded eight hours of sick pay for each month worked during a calendar year. Sick pay may be accumulated up to 700 hours. Employees have the option of trading unused sick leave exceeding 700 hours for additional vacation time at a rate of two hours for one hour of vacation.

Following the end of the calendar year, employees with excess accumulated sick leave hours are paid one hour of pay for every two hour in excess of the 700 maximum accumulation. One-half of accumulated sick hours are paid to employees when they separate from service due to retirement or a reduction in work force. The total accumulated sick leave obligation at year end was \$278,270.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 11: LEGAL DEBT MARGIN

The following schedule illustrates the legal debt margin of the Village as of March 31, 2016:

Assessed valuation - 2015		<u>\$ 58,730,529</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 5,065,508
Debt outstanding at March 31, 2016:		
General obligation bonds payable	\$ 295,000	
EPA loans payable	<u>3,538,276</u>	
	3,833,276	
EPA loan and other debt not included for purposes of debt limitation statute	<u>(3,833,276)</u>	<u>-</u>
Legal debt margin		<u>\$ 5,065,508</u>

NOTE 12: SOCIAL SECURITY

Employees not qualifying for coverage under the Illinois Retirement Fund are considered as "non-participating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under social security. The Village paid \$109,716, the total required contribution for the year ended March 31, 2016.

NOTE 13: RESTRICTED FUND BALANCE

Amounts classified as restricted fund balance represent portions of fund balance which are specifically restricted by legal or administrative policy are not available for general operation expenditures.

Restricted tax levies:

Cash receipts and the related disbursements of the following restricted tax levies are accounted for in the General Fund. A portion of the General Fund's equity represents cumulative receipts over cumulative disbursements which is restricted for future expenditures for the following purposes:

	<u>Levy</u>	<u>Expenditure</u>	<u>Restricted Balance</u>
Audit	\$ 4,001	8,750	-
Street Lighting	30,872	31,887	1,202
Parks	46,308	128,869	-
Road & Bridge	66,426	66,825	4,648
Liability Insurance	<u>104,976</u>	<u>107,721</u>	<u>-</u>
Total	<u>\$ 252,583</u>	<u>344,052</u>	<u>5,850</u>

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2016

NOTE 14: MOTOR FUEL TAX ALLOTMENTS

Under current procedures, the allotments to the Village are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved by the Department of Transportation, State of Illinois.

NOTE 15: POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions. Projections of benefits for financial reporting purposes are based on a given plan and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The Village health plan for employees contains a provision whereby the Village will pay single health insurance premiums for retiring full-time employees that have a minimum of 15 years of service with the Village. The Village pays a percentage of the premium ranging from 50% to 70% depending on the years of service at retirement until the retiree becomes eligible for Medicare. The Village pays no part of the premiums once the retiree reaches age 65, but the retiree is eligible to remain on the group policy and pay the monthly premiums. The Village has not determined the actuarial obligation attributable to this plan.

NOTE 16: TIF DISTRICT

On April 3, 2009, the Village Board of Trustees passed Ordinance 1264 establishing a tax increment financing district. The goal of the Tax Increment Financing law is to induce private development, which would not occur without public expenditures, in economically depressed areas in order to improve property value and eliminate blight.

Also on April 3, 2009, the Village approved the Downtown/IL 47 Redevelopment Plan and Project and designated the Downtown/IL 47 Redevelopment Project Area as the TIF District.

The Village will use incremental tax revenues to pay for redevelopment project costs and obligations incurred during both projects.

The TIF Fund is accounted for on these financial statements as a Special Revenue Fund.

The Village made payments totaling \$2,650 for professional services during the current fiscal year, per an approved agreement.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 17: FUND BALANCE – GASB 54 PRESENTATION

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

A. *Non-spendable Fund Balance*

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

B. *Restricted Fund Balance*

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Debt Service Funds are by definition restricted for these specified purposes. The Village has several different funds that also fall into these categories – see Note 13 for restricted levies accounted for in the General Fund. Additionally, the Village has the following restricted balances:

1. Social Security - Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the FICA & IMRF Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$39,886.
2. IMRF - Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the FICA & IMRF Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$73,152.
3. Motor Fuel Tax - Cash disbursed and the related cash receipts of this restricted income source are accounted for in the Motor Fuel Tax Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$171,610. See Note 14 for additional information.
4. CDAP Loans - Cash disbursed and the related cash receipts of this restricted income source are accounted for in the CDAP Economic Development Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$94,342. See Note 19 for additional information.
5. Capital Expenditures – Restricted fund balances in the Reserve for Capital Expenditures fund include the following, resulting from restricted contributions and donations:

Village Parks	\$	59,070
Pool Renovations		79,197
Brewster Run		105,765
Downtown Street Project		156,766
Total	\$	<u>400,798</u>

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2016

NOTE 17: FUND BALANCE – GASB 54 PRESENTATION

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Village Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. As of March 31, 2016, the Village has the following committed fund balances:

1. In December 2014, the Village Board passed a resolution to commit funds for completion of the Pine Cone Path project, in conjunction with an Illinois Transportation Enhancement Program grant, to be completed in subsequent years. The Village has reported a committed fund balance of \$142,748 in the General Fund in connection with this resolution.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the Village Board itself or (b) the finance committee or by the Treasurer/Administrator when the Village Board has delegated the authority to assign amounts to be used for specific purposes. The Village has the following assigned fund balances as of March 31, 2016:

1. Commercial Rent Subsidy – Amounts in this fund are intended to be used for future rent subsidies with the intent to benefit tenants and landlords by better utilization of existing commercial structures in the Village. The Commercial Rent Subsidy Fund has an assigned fund balance of \$8,665 as of March 31, 2016.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Additionally, the deficit of \$513,674 (net of restricted balances) is reported as unassigned in the Reserve for Capital Expenditures fund at March 31, 2016.

VILLAGE OF DWIGHT, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2016

NOTE 18: LEASES

In September of 2014, the Village entered into a lease agreement with McGrath Office Equipment for a copy machine. Payments are made monthly in the amount of \$311, and the lease expires September 10, 2019. Lease expenses under this lease amounted to \$3,732 for the year ended March 31, 2016.

In July of 2014, the Village entered into a lease agreement with Merchants Capital for a 2014 John Deere Tractor. Payments are made monthly in the amount of \$972, and the lease expires June 18, 2019. Lease expenses under this lease amounted to \$11,664 for the year ended March 31, 2016.

The Village also had a lease agreement with NeoPost for a postage machine. Payments were made monthly in the amount of \$26, and lease payments were scheduled to increase at 5% annually. The lease was being carried on a month-to-month agreement through May, 2015. In June of 2016, the Village entered into a new lease agreement with NeoPost for a postage machine. Payments will be made monthly in the amount of \$20, and the lease expires June 4, 2018. Lease expenses under this lease amounted to \$200 for the year ended March 31, 2016.

The following is the schedule of the Village's annual lease obligations:

<u>Year Ending March 31,</u>	<u>McGrath</u>	<u>Merchants</u>	<u>NeoPost</u>	<u>Total</u>
2017	3,732	11,666	240	15,638
2018	3,732	11,666	240	15,638
2019	3,732	11,666	40	15,438
2020	1,555	2,917	-	4,472

NOTE 19: CDAP LOANS

The Village has a loan agreement with Dwight Restaurant Group, LLC. The Dwight Restaurant Group, LLC. has an outstanding loan balance of \$54,066 as of March 31, 2016.

NOTE 20: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the fund financial statements, an overview of certain information concerning individual funds including:

The Commercial Rent Subsidy Fund had expenditures in excess of appropriations of \$1,512, and the Water Capital Project Fund had expenditures in excess of appropriations of \$7,391 for the year ended March 31, 2016.

OTHER INFORMATION

VILLAGE OF DWIGHT, ILLINOIS
GENERAL FUND

SCHEDULE A-1

Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

Assets

Cash	\$	538,666
Total assets	\$	<u>538,666</u>

Fund Balance

Fund balance:		
Unassigned	\$	390,068
Committed for construction projects		142,748
Restricted for street lighting		1,202
Restricted for roads & bridges		<u>4,648</u>
Total fund balance	\$	<u>538,666</u>

VILLAGE OF DWIGHT, ILLINOIS
GENERAL FUND

SCHEDULE A-2

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
Property taxes	\$ 464,750	418,941	416,777
Utility tax	225,000	210,518	232,889
Telecommunications taxes	120,000	117,337	115,453
Hotel/Motel taxes	30,000	33,098	28,551
State sales tax	660,000	604,162	644,910
State income taxes	413,220	460,630	403,431
Local use taxes	78,810	94,750	83,226
Replacement taxes	41,500	45,876	41,487
Gas tax refund	2,000	-	3,638
Garbage/refuse	313,026	306,476	293,645
Ambulance receipts	275,500	313,163	258,568
Police compensation	22,000	68,488	75
Grants	65,500	1,842	7,804
Interest income	2,500	2,123	2,653
Video gaming revenue	60,000	84,599	59,222
Miscellaneous	5,000	85,260	39,748
Permits	13,400	19,181	17,528
Licenses	29,200	31,278	37,708
County fines	51,244	64,734	56,537
Village fines	11,500	13,123	17,835
Donations	3,500	9,142	5,784
Park/Pool charges for service	32,600	30,949	25,979
Tourism revenue	2,750	2,769	2,305
Retiree insurance reimbursement	-	1,023	1,175
Total revenues received	\$ 2,923,000	3,019,462	2,796,928

VILLAGE OF DWIGHT, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31, 2016	2015
Expenditures disbursed:			
General Government:			
Current:			
Salaries - Employees	\$ 87,500	89,450	85,439
Salaries - Elected	17,500	15,870	16,495
Employee benefits	10,741	12,423	12,645
Unemployment insurance	410	471	355
Worker's compensation	2,265	1,237	3,369
Transportation services	4,800	4,800	4,800
Building maintenance	16,000	19,891	29,524
Equipment maintenance	10,000	7,431	14,519
Engineering services	17,500	8,171	20,065
Legal & professional services	36,850	24,652	33,045
Dues and fees	2,000	1,239	1,630
Printing and publications	2,750	4,600	3,097
Postage	4,000	3,429	4,009
Telephone	4,000	5,776	3,815
Travel	1,500	1,094	871
Training	1,000	630	280
Economic development	50,000	56,282	46,054
Hotel/Motel expenditures	30,000	28,736	28,058
Utilities	4,000	3,022	5,078
Insurance	83,000	86,115	79,288
Equipment rental	5,500	5,531	6,158
Other contractual services	1,500	-	1,059
Maintenance supply - building	1,500	3,035	732
Maintenance supply - equipment	750	1,224	255
Office supplies	3,750	6,017	3,948
Sales tax paid	155	149	153
Property tax abatement	30,000	4,502	-
Miscellaneous expense	7,500	11,965	5,729
Total General Government	436,471	407,742	410,470
Garbage Disposal:			
Current:			
Disposal services	309,276	302,736	296,188
Postage	750	719	833
Supplies	150	172	-
Miscellaneous expense	150	-	-
Total Garbage Disposal	310,326	303,627	297,021

VILLAGE OF DWIGHT, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31, 2016	2015
Expenditures disbursed (Continued):			
Public Safety:			
Current:			
Salaries - Employees	\$ 716,812	713,658	650,962
Employee benefits	109,310	101,196	108,996
Unemployment insurance	1,575	2,635	1,515
Worker's compensation	9,000	6,723	12,726
Uniform allowance	6,000	5,050	8,717
Contractual services	35,100	28,462	28,111
Maintenance - equipment	3,500	2,645	1,356
Maintenance - vehicles	14,000	17,940	12,222
Telephone	8,000	11,083	8,363
Printing & advertising	1,000	-	1,155
Dues and fees	1,500	1,263	1,359
Travel expense	1,500	2,641	912
Training expense	6,000	6,414	7,442
Supplies	5,000	4,170	4,589
Fuel/oil	30,000	21,640	27,507
Capital outlay - equipment	-	4,736	-
DUI expense	1,500	-	6,994
Canine unit	2,000	5,565	6,100
Officer friendly expenditures	9,000	6,726	6,806
Range expense	5,000	-	469
Humane officer & animal control	250	99	65
Miscellaneous	4,000	24,481	6,620
Total Public Safety	970,047	967,127	902,986
ESDA:			
Current:			
Salaries	1,000	1,026	641
Unemployment insurance	10	10	6
Worker's compensation	100	192	128
Contractual services	5,275	6,688	5,552
Repair & maintenance	500	-	535
Telephone	950	1,681	873
Training	200	-	-
Supplies	150	-	-
Other	100	85	76
Total ESDA	8,285	9,682	7,811

VILLAGE OF DWIGHT, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31, 2016	2015
Expenditures disbursed (Continued):			
Ambulance Services:			
Current:			
Salaries	\$ 76,738	76,738	74,867
Employee benefits	10,731	10,119	10,904
Unemployment insurance	122	246	123
Worker's compensation	4,400	2,685	4,381
Uniform allowance	4,000	6,696	4,139
Contractual services	480,683	479,294	462,505
Ambulance - OT	8,000	10,669	14,532
Ambulance - other	25,700	23,897	23,647
Maintenance - equipment	4,000	3,624	6,967
Maintenance - vehicles	10,000	16,239	17,450
Telephone	4,100	5,382	3,945
Dues and fees	800	678	678
Travel expense	100	-	-
Training expense	3,000	3,911	3,356
Office supplies	1,500	2,527	1,912
Other supplies	1,200	1,016	1,277
Medical supplies	8,000	10,920	8,604
Fuel/oil	16,500	10,096	13,785
Donations	500	2,909	1,046
Miscellaneous expense	1,500	2,383	1,391
Total Ambulance Services	<u>661,574</u>	<u>670,029</u>	<u>655,509</u>
Streets & Lighting:			
Current:			
Salaries	80,500	52,123	47,158
Salaries - OT	3,500	5,643	8,421
Employee Benefits	21,510	13,025	7,879
Unemployment insurance	120	323	103
Worker's compensation	1,500	3,883	6,681
Uniform allowance	920	1,425	396
Maintenance - equipment	20,000	28,303	40,389
Maintenance - streets & alleys	35,000	36,322	16,059
Maintenance - lighting	2,500	1,077	2,448
Maintenance - sidewalks	5,000	2,354	200
Maintenance - trees	20,000	28,150	21,225

VILLAGE OF DWIGHT, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Expenditures disbursed (Continued):			
Streets & Lighting (Continued):			
Utilities	\$ 31,000	30,810	30,295
Snow removal	20,000	12,372	31,956
Creek maintenance	15,000	14,620	7,610
Engineering services	15,000	-	-
Telephone	1,300	1,734	1,193
Training expense	500	69	407
Operating supplies	3,000	4,548	3,040
Small tools	500	979	467
Fuel/oil	13,000	13,725	13,608
Miscellaneous expense	500	2,825	125
Total Streets & Lighting	290,350	254,310	264,844
Parks and Recreation:			
Current:			
Salaries	90,400	82,815	81,424
Salaries - OT	300	507	275
Employee benefits	16,115	15,179	8,146
Unemployment insurance	450	653	591
Worker's compensation	1,500	1,414	2,055
Uniform allowance	750	573	682
Repair & maintenance	5,000	2,423	3,102
Repair & maintenance - parks	20,000	24,754	23,789
Utilities	800	766	792
Operating supplies	1,000	848	257
Fuel/oil	4,000	1,038	2,957
Miscellaneous	243	-	-
Total Parks and Recreation	140,558	130,970	124,070
Pool:			
Current:			
Salaries	40,000	39,252	34,767
Unemployment insurance	300	367	330
Worker's compensation	600	767	1,300
Maintenance - pool	10,000	17,010	7,585
Telephone	1,100	1,264	1,005
Printing	500	-	-

VILLAGE OF DWIGHT, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Expenditures disbursed (Continued):			
Pool (Continued):			
Utilities	\$ 7,500	13,490	6,971
Supplies	1,100	1,428	742
Concession stand supplies	5,000	2,649	2,386
Sales tax paid	350	402	340
Swim team expense	1,000	564	546
Miscellaneous expense	1,500	1,505	794
Total Pool	<u>68,950</u>	<u>78,698</u>	<u>56,766</u>
Total expenditures disbursed	<u>2,886,561</u>	<u>2,822,185</u>	<u>2,719,477</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	36,439	197,277	77,451
Other financing sources (uses):			
Transfers in	19,000	-	40,216
Transfers out	<u>(290,318)</u>	<u>(154,996)</u>	<u>(523,028)</u>
Total other financing sources (uses)	<u>(271,318)</u>	<u>(154,996)</u>	<u>(482,812)</u>
Net change in fund balance	<u>\$ (234,879)</u>	42,281	(405,361)
Fund balance, beginning of year		<u>496,385</u>	<u>901,746</u>
Fund balance, end of year		<u>538,666</u>	<u>496,385</u>

VILLAGE OF DWIGHT, ILLINOIS
RESERVE FOR CAPITAL EXPENDITURES FUND

SCHEDULE B-1

Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

<u>Assets</u>		
Cash		\$ -
Total assets		<u>\$ -</u>
 <u>Liabilities and Fund Balance</u> 		
Liabilities:		
Overdrafts payable		<u>\$ 112,876</u>
Fund balance:		
Restricted fund balance		400,798
Unassigned fund balance (deficit)		<u>(513,674)</u>
Total fund balance (deficit)		<u>(112,876)</u>
Total liabilities and fund balance		<u>\$ -</u>

VILLAGE OF DWIGHT, ILLINOIS
RESERVE FOR CAPITAL EXPENDITURES FUND

SCHEDULE B-2

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
Interest income	\$ 2,000	3,285	3,486
Grant income	3,816,600	1,450,075	-
Other income	105,000	56,625	-
Total revenues received	<u>3,923,600</u>	<u>1,509,985</u>	<u>3,486</u>
Expenditures disbursed:			
Current:			
Engineering service	320,000	135,043	60,414
Capital outlay:			
Construction projects	665,000	-	53,410
Equipment purchases	1,500	4,344	126,791
Vehicles	-	75,964	299,753
HSR Depot construction	3,000,000	1,832,822	11,051
Pinecone Path construction	-	98,012	-
Trees	5,000	6,774	3,722
Improvements	-	4,350	-
Land purchase	40,000	30,000	5,000
Total expenditures disbursed	<u>4,031,500</u>	<u>2,187,309</u>	<u>560,141</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	(107,900)	(677,324)	(556,655)
Other financing sources (uses):			
Transfers in	246,000	87,643	351,068
Total other financing sources (uses)	<u>246,000</u>	<u>87,643</u>	<u>351,068</u>
Net change in fund balance	<u>\$ 138,100</u>	(589,681)	(205,587)
Fund balance, beginning of year		<u>476,805</u>	<u>682,392</u>
Fund balance (deficit), end of year		<u>(112,876)</u>	<u>476,805</u>

**Illinois Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios**

Calendar Year Ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	\$ 143,229	-	-	-	-	-	-	-	-	-
Interest on the Total Pension Liability	547,518	-	-	-	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	212,150	-	-	-	-	-	-	-	-	-
Assumption Changes	19,740	-	-	-	-	-	-	-	-	-
Benefit Payments and Refunds	(252,713)	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	669,924	-	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning	7,354,978	-	-	-	-	-	-	-	-	-
Total Pension Liability - Ending	\$ 8,024,902	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position										
Contributions - Employer	\$ 133,480	-	-	-	-	-	-	-	-	-
Contributions - Employee	57,151	-	-	-	-	-	-	-	-	-
Net Investment Income	35,673	-	-	-	-	-	-	-	-	-
Benefit Payments and Refunds	(252,713)	-	-	-	-	-	-	-	-	-
Other (Net Transfer)	(102,705)	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(129,114)	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	7,165,548	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	\$ 7,036,434	-	-	-	-	-	-	-	-	-
Net Pension Liability (Asset)	\$ 988,468	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.68%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Valuation Payroll	\$ 1,270,033	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of the Covered Valuation Payroll	77.83%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Illinois Municipal Retirement Fund
Schedule of Contributions**

Calendar Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
12/31/2015	\$ 133,734	133,480	254	1,270,033	10.51%

Notes to Schedule:

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2015 Contribution Rate:

<i>Actuarial Cost Method</i>	Aggregate Entry Age Normal
<i>Amortization Method</i>	Level Percentage of Payroll, Closed
<i>Remaining Amortization Period</i>	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO Groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
<i>Asset Valuation Method</i>	5-year smoothed market; 20% corridor
<i>Wage Growth</i>	4.00%
<i>Price Inflation</i>	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases</i>	4.40% to 16.00% including inflation
<i>Investment Rate of Return</i>	7.50%
<i>Retirement Age</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study for the period 2008-2010.
<i>Mortality</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

NOTES TO OTHER INFORMATION

VILLAGE OF DWIGHT, ILLINOIS

Notes to Other Information For the Year Ended March 31, 2016

NOTE 1: BUDGETARY PROCEDURES

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The municipal budget officer compiles a budget containing estimates of revenues available to the Village for the fiscal year for which the budget is drafted, together with recommended expenditures for the Village and all the Village's departments, commissions and boards.
2. Passage of the annual budget by the Board of Trustees is in lieu of passage of the appropriation ordinance as required by Section 8-2-9 of the Illinois Municipal Code.
3. The annual budget is adopted by the Board of Trustees before the beginning of the fiscal year to which it applies.
4. Formal budgetary integration is employed as a management control device at the fund level during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
5. The Budget is adopted on a cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Budgetary comparisons presented in this report are on this non-GAAP budgetary basis. On March 23, 2015 the Village approved Ordinance No. 1332 adopting the annual budget for the fiscal year ending March 31, 2016, and it was not amended.

NOTE 2: BUDGETARY COMPARISONS – MAJOR FUNDS

The following is an analysis of budget versus actual amounts for the Village's major funds for the year ended March 31, 2016:

Description	Budget	Actual	Variance
General Fund Revenues Received	\$ 2,923,000	3,019,462	96,462
General Fund Expenditures Disbursed	2,886,561	2,822,185	64,376
Reserve for Capital Expenditures Fund Revenues Received	3,923,600	1,509,985	(2,413,615)
Reserve for Capital Expenditures Fund Expenditures Disbursed	4,031,500	2,187,309	1,844,191

SUPPLEMENTARY INFORMATION

VILLAGE OF DWIGHT, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1

Combining Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

	Special Revenue Funds					Debt Service Fund	Total Non-major Governmental Funds
	Motor Fuel Tax Fund	FICA & IMRF Fund	Commercial Rent Subsidy Fund	TIF Fund	CDAP Economic Development Fund		
Cash in bank	\$ 171,610	113,038	8,665	108,936	94,342	-	496,591
Total assets	\$ 171,610	113,038	8,665	108,936	94,342	-	496,591
<u>Assets</u>							
Cash in bank	\$ 171,610	113,038	8,665	108,936	94,342	-	496,591
Total assets	\$ 171,610	113,038	8,665	108,936	94,342	-	496,591
<u>Liabilities and Fund Balance</u>							
Liabilities:							
Due to General Fund	\$ -	-	-	-	-	-	14,000
Total liabilities	-	-	-	-	-	-	14,000
Fund balance:							
Restricted	171,610	113,038	-	108,936	94,342	-	487,926
Assigned	-	-	8,665	-	-	-	8,665
Unassigned	-	-	-	-	-	-	(7,350)
Total fund balance (deficit)	171,610	113,038	8,665	108,936	94,342	-	496,591
Total liabilities and fund balance	\$ 171,610	113,038	8,665	108,936	94,342	-	496,591

VILLAGE OF DWIGHT, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balances
For the Year Ended March 31, 2016

	Special Revenue Funds					Debt Service Fund	Total Non-major Governmental Funds
	Motor Fuel Tax Fund	FICA & IMRF Fund	Commercial Rent Subsidy Fund	TIF Fund	CDAP Economic Development Fund		
Revenues received:							
Property taxes	\$ -	255,943	-	-	-	-	255,943
Interest income	217	84	3	31	44	-	379
Motor fuel tax	105,056	-	-	-	-	-	105,056
TIF revenue	-	-	-	119,455	-	-	119,455
Revolving loan	-	-	-	-	11,000	-	11,000
Miscellaneous	-	-	278	-	-	-	278
Total revenues received	105,273	256,027	281	119,486	11,044	-	492,111
Expenditures disbursed:							
General Government	-	249,219	1,512	3,200	-	500	254,431
Debt Service:							
Principal	-	-	-	-	-	65,000	65,000
Interest	-	-	-	-	-	1,853	1,853
Total expenditures disbursed	-	249,219	1,512	3,200	-	67,353	321,284
Excess (deficiency) of revenues received over (under) expenditures disbursed	105,273	6,808	(1,231)	116,286	11,044	(67,353)	170,827
Other financing sources (uses):							
Transfers In	-	-	-	-	-	67,353	67,353
Transfers Out	-	-	-	-	-	-	(105,216)
Total other financing sources (uses)	-	-	-	-	-	67,353	131,744
Net change in fund balance	105,273	6,808	(1,231)	116,286	11,044	-	238,180
Fund balance (deficit), beginning of year	66,337	106,230	9,896	(7,350)	83,298	-	258,411
Fund balance (deficit), end of year	\$ 171,610	113,038	8,665	108,936	94,342	-	496,591

VILLAGE OF DWIGHT, ILLINOIS
MOTOR FUEL TAX FUND

SCHEDULE C-3

Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

<u>Assets</u>		
Cash		\$ 171,610
Total assets		<u>\$ 171,610</u>
<u>Fund Balance</u>		
Fund balance		\$ 171,610
Total fund balance		<u>\$ 171,610</u>

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

SCHEDULE C-4

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
Motor fuel tax allotments	\$ 102,292	105,056	105,222
Interest income	25	217	23
Supplemental allotments	-	-	37,894
Total revenues received	<u>102,317</u>	<u>105,273</u>	<u>143,139</u>
Expenditures disbursed:			
Construction projects	-	-	184,403
Engineering service	-	-	15,597
Total expenditures disbursed	<u>-</u>	<u>-</u>	<u>200,000</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	102,317	105,273	(56,861)
Other financing sources (uses):			
Transfers in	-	-	667
Transfers out	-	-	(65,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(64,333)</u>
Net change in fund balance	<u>\$ 102,317</u>	105,273	(121,194)
Fund balance, beginning of year		<u>66,337</u>	<u>187,531</u>
Fund balance, end of year		<u>171,610</u>	<u>66,337</u>

VILLAGE OF DWIGHT, ILLINOIS
FICA & IMRF FUND

SCHEDULE C-5

Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

<u>Assets</u>		
Cash		\$ 113,038
Total assets		<u>\$ 113,038</u>
<u>Fund Balance</u>		
Fund balance		
Restricted - IMRF		\$ 73,152
Restricted - FICA		39,886
Total fund balance		<u>\$ 113,038</u>

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

SCHEDULE C-6

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
Property taxes - IMRF	\$ 150,000	149,966	160,348
Property taxes - FICA	111,000	105,977	100,219
Interest income	50	84	104
Total revenues received	<u>261,050</u>	<u>256,027</u>	<u>260,671</u>
Expenditures disbursed:			
FICA contribution	111,000	109,716	105,214
IMRF contribution	150,000	139,503	142,485
Total expenditures disbursed	<u>261,000</u>	<u>249,219</u>	<u>247,699</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 50</u>	6,808	12,972
Fund balance, beginning of year		<u>106,230</u>	<u>93,258</u>
Fund balance, end of year		<u>113,038</u>	<u>106,230</u>

VILLAGE OF DWIGHT, ILLINOIS
 COMMERCIAL RENT SUBSIDY FUND

SCHEDULE C-7

Statement of Assets, Liabilities and
 Fund Balance - Arising from Cash Transactions
 March 31, 2016

<u>Assets</u>		
Cash		\$ 8,665
Total assets		<u>\$ 8,665</u>
<u>Fund Balance</u>		
Fund balance		\$ 8,665
Total fund balance		<u>\$ 8,665</u>

Statement of Revenues Received, Expenditures Disbursed
 and Changes in Fund Balance - Budget & Actual
 For the Year Ended March 31, 2016
 (With Comparative Figures for 2015)

SCHEDULE C-8

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
Gross receipts repayment	\$ -	278	-
Interest	5	3	5
Total revenues received	<u>5</u>	<u>281</u>	<u>5</u>
Expenditures disbursed:			
Rent subsidy	-	1,512	-
Total expenditures disbursed	<u>-</u>	<u>1,512</u>	<u>-</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 5</u>	(1,231)	5
Fund balance, beginning of year		<u>9,896</u>	<u>9,891</u>
Fund balance, end of year		<u>8,665</u>	<u>9,896</u>

VILLAGE OF DWIGHT, ILLINOIS
COMMERCIAL REHAB FUND

SCHEDULE C-9

Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

<u>Assets</u>		
Cash		\$ -
Total assets		<u>\$ -</u>
 <u>Fund Balance</u>		
Fund balance		\$ -
Total fund balance		<u>\$ -</u>

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

SCHEDULE C-10

	Original and Final Budget	Year Ended <u>March 31,</u>	
		2016	2015
Revenues received:			
Interest income	\$ -	-	19
Total revenues received	<u>-</u>	<u>-</u>	<u>19</u>
Expenditures disbursed:			
Total expenditures disbursed	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	-	-	19
Other financing sources (uses):			
Transfers out	-	-	(40,216)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(40,216)</u>
Net change in fund balance	<u>\$ -</u>	-	(40,197)
Fund balance, beginning of year		-	40,197
Fund balance, end of year		<u>-</u>	<u>-</u>

VILLAGE OF DWIGHT, ILLINOIS
TIF FUND

SCHEDULE C-11

Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

<u>Assets</u>	
Cash	\$ 108,936
Total assets	<u>\$ 108,936</u>
<u>Fund Balance</u>	
Fund balance	\$ 108,936
Total fund balance	<u>\$ 108,936</u>

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

SCHEDULE C-12

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
TIF revenue	\$ 124,000	119,455	122,676
Interest income	30	31	72
Total revenues received	<u>124,030</u>	<u>119,486</u>	<u>122,748</u>
Expenditures disbursed:			
Other professional services	2,750	2,650	2,650
Façade grants	30,000	-	-
Dues	600	550	550
Total expenditures disbursed	<u>33,350</u>	<u>3,200</u>	<u>3,200</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	90,680	116,286	119,548
Other financing sources (uses):			
Transfers in (out)	(14,000)	-	-
Total other financing sources (uses)	<u>(14,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 76,680</u>	116,286	119,548
Fund balance (deficit), beginning of year		<u>(7,350)</u>	<u>(126,898)</u>
Fund balance (deficit), end of year		<u>108,936</u>	<u>(7,350)</u>

VILLAGE OF DWIGHT, ILLINOIS
 CDAP ECONOMIC DEVELOPMENT FUND

SCHEDULE C-13

Statement of Assets, Liabilities and
 Fund Balance - Arising from Cash Transactions
 March 31, 2016

<u>Assets</u>	
Cash	\$ 94,342
Total assets	<u>\$ 94,342</u>
<u>Fund Balance</u>	
Fund balance	\$ 94,342
Total fund balance	<u>\$ 94,342</u>

Statement of Revenues Received, Expenditures Disbursed
 and Changes in Fund Balance - Budget & Actual
 For the Year Ended March 31, 2016
 (With Comparative Figures for 2015)

SCHEDULE C-14

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
Principal	\$ 10,237	9,372	2,345
Interest	1,763	1,628	655
Interest Income	35	44	40
Total revenues received	<u>12,035</u>	<u>11,044</u>	<u>3,040</u>
Expenditures disbursed:			
Development	-	-	-
Total expenditures disbursed	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 12,035</u>	11,044	3,040
Fund balance, beginning of year		<u>83,298</u>	<u>80,258</u>
Fund balance, end of year		<u>94,342</u>	<u>83,298</u>

VILLAGE OF DWIGHT, ILLINOIS
2005 MFT BOND FUND

SCHEDULE D-1

Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

<u>Assets</u>	
Cash	\$ -
Total assets	<u>\$ -</u>
<u>Fund Balance</u>	
Fund balance	\$ -
Total fund balance	<u>\$ -</u>

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

SCHEDULE D-2

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
Interest Income	\$ -	-	-
Total revenues received	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures disbursed:			
Debt Service:			
Fees	-	-	500
Principal	-	-	120,000
Interest	-	-	6,120
Total expenditures disbursed	<u>-</u>	<u>-</u>	<u>126,620</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	-	-	(126,620)
Other financing sources (uses):			
Transfer in	-	-	125,953
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(667)</u>
Fund balance, beginning of year		-	667
Fund balance, end of year		<u>-</u>	<u>-</u>

VILLAGE OF DWIGHT, ILLINOIS
PUBLIC SERVICE BOND FUND

SCHEDULE D-3

Statement of Assets, Liabilities and
Fund Balance - Arising from Cash Transactions
March 31, 2016

<u>Assets</u>	
Cash	\$ -
Total assets	<u>\$ -</u>
<u>Fund Balance</u>	
Fund balance	\$ -
Total fund balance	<u>\$ -</u>

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

SCHEDULE D-4

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues received:			
Interest	\$ -	-	-
Total revenues received	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures disbursed:			
Debt Service:			
Fees	500	500	500
Principal	65,000	65,000	105,000
Interest	1,853	1,853	4,845
Total expenditures disbursed	<u>67,353</u>	<u>67,353</u>	<u>110,345</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	(67,353)	(67,353)	(110,345)
Other financing sources (uses):			
Transfers in	67,353	67,353	110,341
Net change in fund balance	<u>\$ -</u>	-	(4)
Fund balance, beginning of year		-	4
Fund balance, end of year		<u>-</u>	<u>-</u>

VILLAGE OF DWIGHT, ILLINOIS
WATERWORKS FUND

SCHEDULE E-1

Major Proprietary Fund
Statement of Fund Net Position
March 31, 2016

Assets

Current assets:	
Cash	\$ 316,801
Accounts receivable	25,363
Total current assets	<u>342,164</u>
Non-current assets:	
Capital assets	7,658,608
Accumulated depreciation	<u>(3,746,574)</u>
Total non-current assets	<u>3,912,034</u>
Total assets	<u>\$ 4,254,198</u>

Liabilities and Net Position

Current liabilities:	
Accounts payable	\$ 387
Water deposits	13,110
Current portion of long-term debt:	
Bonds payable	<u>295,000</u>
Total liabilities	<u>308,497</u>
Net position	<u>3,945,701</u>
Total liabilities and net position	<u>\$ 4,254,198</u>

VILLAGE OF DWIGHT, ILLINOIS
WATERWORKS FUND

SCHEDULE E-2

Major Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and	Year Ended	
	Final Budget	2016	March 31, 2015
Revenues:			
Water	\$ 815,000	801,600	786,627
Water meters	500	1,580	400
Water penalties	7,500	7,504	7,756
Interest	200	142	213
Miscellaneous	1,500	1,413	26,952
Total revenues	824,700	812,239	821,948
Expenses:			
Current:			
Salaries	188,200	193,424	189,510
Salaries - OT	7,500	5,792	5,315
Employee benefits	35,970	33,963	35,139
Unemployment insurance	400	443	373
Worker's compensation	2,800	1,810	4,990
Uniform allowance	1,167	856	798
Contractual services	7,000	5,342	6,335
Maintenance - equipment	24,000	5,217	4,536
Maintenance - system	50,000	32,911	34,119
Engineering service	2,000	772	-
Postage	1,750	1,786	1,699
Telephone	1,100	1,351	1,105
Printing and publishing	1,000	510	394
Dues	500	649	448
Travel	300	-	-
Training	1,000	534	265
Utilities	45,000	44,616	43,185
Lease/rentals	3,200	3,179	3,221
Operating supplies	2,600	838	904
Small tools	500	813	329
Fuel/oil	8,000	2,351	6,935
Chemicals	12,500	8,544	8,807
Principal	4,577	4,577	4,624
Interest	1,256	1,256	1,209
Miscellaneous expense	1,500	136	1,880
Capital outlay	215,500	3,137	3,537
Depreciation	219,000	209,476	198,463
Total expenses	838,320	564,283	558,120
Excess of revenues over (under) expenses	(13,620)	247,956	263,828
Other financing sources (uses):			
Transfers out	(372,930)	(21,335)	(82,927)
Change in net position	\$ (386,550)	226,621	180,901
Net position, beginning of year		3,719,080	3,538,179
Net position, end of year		3,945,701	3,719,080

VILLAGE OF DWIGHT, ILLINOIS
 WATER CAPITAL PROJECT FUND

SCHEDULE E-3

Major Proprietary Fund
 Statement of Fund Net Position
 March 31, 2016

<u>Assets</u>	
Cash	\$ 76,676
Total assets	<u>\$ 76,676</u>
<u>Net Position</u>	
Net position	<u>\$ 76,676</u>
Total net position	<u>\$ 76,676</u>

Statement of Revenues, Expenses, & Changes in Fund Net Position
 Budget & Actual
 For the Year Ended March 31, 2016
 (With Comparative Figures for 2015)

SCHEDULE E-4

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues:			
Tap-on fees	\$ -	2,094	750
Interest Income	30	71	75
Total revenues	<u>30</u>	<u>2,165</u>	<u>825</u>
Expenses:			
Current:			
Engineering service	-	7,491	14,429
Miscellaneous	100	-	-
Repair and maintenance system	-	-	-
Total expenses	<u>100</u>	<u>7,491</u>	<u>14,429</u>
Excess of revenues over (under) expenses	(70)	(5,326)	(13,604)
Other financing sources (uses):			
Transfer in	-	3,430	57,541
Net change in net position	<u>\$ (70)</u>	(1,896)	43,937
Net position, beginning of year		<u>78,572</u>	<u>34,635</u>
Net position, end of year		<u>76,676</u>	<u>78,572</u>

VILLAGE OF DWIGHT, ILLINOIS
SEWER FUND

SCHEDULE E-5

Major Proprietary Fund
Statement of Fund Net Position
March 31, 2016

Assets

Current assets:	
Cash	\$ 245,389
Accounts receivable	31,681
Total current assets	<u>277,070</u>
Non-current assets:	
Capital assets	11,550,100
Accumulated depreciation	<u>(5,255,806)</u>
Total non-current assets	<u>6,294,294</u>
Total assets	<u>\$ 6,571,364</u>

Liabilities and Net Position

Current Liabilities:	
Accounts payable	\$ 2,402
Current portion of long-term debt:	
EPA loan payable	<u>227,223</u>
Total current liabilities	<u>229,625</u>
Long-term liabilities:	
Due in more than one year:	
EPA loan payable	<u>507,054</u>
Total long-term liabilities	<u>507,054</u>
Total liabilities	<u>736,679</u>
Net position	<u>5,834,685</u>
Total liabilities and net position	<u>\$ 6,571,364</u>

VILLAGE OF DWIGHT, ILLINOIS
SEWER FUND

SCHEDULE E-6

Major Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues:			
Sewer	\$ 813,500	854,476	750,575
Surcharge	50	39	6
Industrial cost recovery	700	845	592
Interest	40	70	44
Miscellaneous	200	113	245
Total revenues	<u>814,490</u>	<u>855,543</u>	<u>751,462</u>
Expenses:			
Current:			
Salaries	166,500	159,360	188,633
Salaries - OT	5,000	5,348	6,254
Employee benefits	35,970	29,977	35,140
Unemployment insurance	400	482	741
Worker's compensation	2,500	1,161	4,275
Uniform allowance	1,167	787	1,063
Contractual services	20,000	15,300	16,855
Maintenance - equipment	20,000	24,146	3,792
Maintenance - vehicle	1,500	401	942
Maintenance - system	25,000	43,824	28,177
Engineering service	1,500	-	265
Postage	1,900	1,816	1,835
Telephone	5,100	6,526	5,177
Printing & publishing	700	-	-
Dues	10,000	10,192	10,000
Travel	250	-	-
Training	500	-	-
Utilities	85,000	95,862	89,658
Insurance	2,650	3,001	2,205
Lease / rentals	500	-	-
Operating supplies	5,500	6,301	4,081
Small tools	1,000	1,118	256
Fuel/oil	5,000	2,629	3,745
Chemicals	650	1,138	540
Principal	4,577	4,577	4,624
Interest	1,256	1,256	1,209
Miscellaneous expense	1,500	982	1,611
Capital outlay			
Equipment	9,500	1,926	-
Improvements	2,000	1,650	-
Depreciation	299,776	273,425	274,301
Total expenses	<u>716,896</u>	<u>693,185</u>	<u>685,379</u>
Excess of revenues over (under) expenses	97,594	162,358	66,083
Other financing sources (uses):			
Transfers out	(327,088)	(63,914)	(120,731)
Change in net position	<u>\$ (229,494)</u>	98,444	(54,648)
Net position, beginning of year		5,736,241	5,790,889
Net position, end of year		<u>5,834,685</u>	<u>5,736,241</u>

VILLAGE OF DWIGHT, ILLINOIS
SEWER REPLACEMENT RESERVE FUND

SCHEDULE E-7

Major Proprietary Fund
Statement of Fund Net Position
March 31, 2016

<u>Assets</u>		
Cash		\$ 65,826
Total assets		<u>\$ 65,826</u>
 <u>Liabilities & Net Position</u>		
Current Liabilities		
Current Portion of EPA Loan Payable		<u>\$ 213,288</u>
Total current liabilities		<u>213,288</u>
Non-current Liabilities:		
EPA Loan Payable		<u>2,590,711</u>
Total non-current liabilities		<u>2,590,711</u>
Total liabilities		<u>2,803,999</u>
Net position (deficit)		<u>(2,738,173)</u>
Total liabilities & net position		<u>\$ 65,826</u>

VILLAGE OF DWIGHT, ILLINOIS
SEWER REPLACEMENT RESERVE FUND

SCHEDULE E-8

Major Proprietary Fund
Statement of Revenues, Expenses & Changes in Fund Net Position - Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

	Original and Final Budget	Year Ended March 31, 2016	2015
Revenues:			
Tap-on fees	\$ -	1,500	1,500
Debt service revenue for 2005 sewer loan	200,000	207,341	199,154
Interest Income	50	60	66
Total revenues	<u>200,050</u>	<u>208,901</u>	<u>200,720</u>
Expenses:			
Debt service:			
Principal	429,160	-	-
Interest	97,923	97,923	108,981
Total expenses	<u>527,083</u>	<u>97,923</u>	<u>108,981</u>
Excess of revenues over (under) expenses	(327,033)	110,978	91,739
Other financing sources (uses):			
Transfer in	327,083	63,914	120,731
Total other financing sources (uses)	<u>327,083</u>	<u>63,914</u>	<u>120,731</u>
Net change in net position	<u>\$ 50</u>	174,892	212,470
Net position (deficit), beginning of year		<u>(2,913,065)</u>	<u>(3,125,535)</u>
Net position (deficit), end of year		<u>(2,738,173)</u>	<u>(2,913,065)</u>

VILLAGE OF DWIGHT, ILLINOIS
WATER BOND FUND

SCHEDULE E-9

Major Proprietary Fund
Statement of Fund Net Position
March 31, 2016

<u>Assets</u>	
Cash	\$ -
Total assets	<u>\$ -</u>
<u>Net Position</u>	
Net position	\$ -
Total net position	<u>\$ -</u>

Statement of Revenues, Expenses & Changes in Fund Net Position
Budget & Actual
For the Year Ended March 31, 2016
(With Comparative Figures for 2015)

SCHEDULE E-10

	Original and Final Budget	Year Ended March 31,	
		2016	2015
Revenues:			
Total revenues	\$ -	-	-
Expenses:			
Debt Service:			
Fees	500	475	495
Principal	330,000	-	-
Interest	17,430	17,430	24,905
Total expenses	<u>347,930</u>	<u>17,905</u>	<u>25,400</u>
Excess of revenues over (under) expenses	(347,930)	(17,905)	(25,400)
Other financing sources (uses):			
Transfer in (out)	347,930	17,905	25,386
Total other financing sources (uses)	<u>347,930</u>	<u>17,905</u>	<u>25,386</u>
Net change in net position	<u>\$ -</u>	-	(14)
Net position, beginning of year		-	14
Net position, end of year		<u>-</u>	<u>-</u>

VILLAGE OF DWIGHT, ILLINOIS
 FIDUCIARY FUNDS

SCHEDULE F

Statement of Changes in Fiduciary Net Position
 For the Year Ended March 31, 2016
 (With Comparative Figures for 2015)

	Police Donations Fund	Disaster Relief Fund	Totals Year Ended March 31,	
			2016	2015
Additions:				
Revenues	\$ -	4	4	354
Deductions:				
Expenditures	-	199	199	5
Net increase (decrease)	-	(195)	(195)	349
Cash balance, beginning of year	350	4,533	4,883	4,534
Cash balance, end of year	\$ 350	4,338	4,688	4,883

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

	Tax Year				
	2011	2012	2013	2014	2015
Assessed valuations	\$ 72,707,997	69,188,903	65,247,172	62,894,275	58,730,529
Tax Rates:					
General	0.2166	0.2276	0.2500	0.2500	0.2500
Audit	0.0151	0.0072	0.0023	0.0065	0.0152
IMRF	0.2269	0.2385	0.2452	0.2429	0.2554
Social Security	0.1314	0.1380	0.1533	0.1716	0.1890
Liability Insurance	0.1417	0.1503	0.1456	0.1700	0.1975
Street Lighting	0.0500	0.0434	0.0500	0.0500	0.0500
Parks	0.0750	0.0650	0.0750	0.0750	0.0750
Recreation	-	0.0434	0.0146	0.0194	0.0409
Totals	0.8567	0.9134	0.9360	0.9854	1.0730
Tax extensions:					
General	\$ 157,500	157,502	163,118	157,220	146,826
Audit	11,001	5002	1,501	4,075	8,927
IMRF	165,004	165,002	160,006	152,747	150,004
Social Security	95,502	95,501	100,004	107,942	111,001
Liability Insurance	103,005	104,005	95,000	106,923	116,005
Street Lighting	36,354	30,000	32,624	31,444	29,365
Parks	54,531	45,000	48,935	47,166	44,048
Recreation	-	30,000	9,500	12,220	24,003
Totals	\$ 622,897	632,012	610,688	619,737	630,179
Road & Bridge (from townships)	\$ 64,229	64,147	65,349	66,427	-
Tax collections	\$ 687,758	693,900	677,344	674,884	-

VILLAGE OF DWIGHT, ILLINOIS

TIF District
Assessed Valuations, Tax Rates, Tax Extensions
and Tax Collections

	2012	2013	2014	2015
Assessed valuations	\$ 4,427,428	4,215,565	3,944,807	3,743,021
Tax Rates: General	0.0000	0.0000	0.0000	0.0000
Tax extensions: General	\$ 124,442	122,332	119,571	138,285
Tax collections	\$ 124,000	122,675	119,455	-



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**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

To the Honorable Mayor and
Village Board of Trustees
Village of Dwight, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Dwight, Illinois, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise Village of Dwight, Illinois' basic financial statements, and have issued our report thereon dated June 27, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Dwight, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Dwight, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Dwight, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2016-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Dwight, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Trustees, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Mack & Associates, P.C.
Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
June 27, 2016

SINGLE AUDIT SECTION



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and
Village Board of Trustees
Village of Dwight, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Village Of Dwight, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village of Dwight, Illinois' major federal programs for the year ended March 31, 2016. The Village of Dwight, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village of Dwight, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Dwight, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village of Dwight, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the Village of Dwight, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2016.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the Village of Dwight, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village of Dwight, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Dwight, Illinois' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
June 27, 2016

VILLAGE OF DWIGHT, ILLINOIS

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2016

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures</i>
Department of Commerce			
Economic Adjustment Assistance Grant	11.307		\$ 3,527
<i>Total Department of Commerce</i>			<u>3,527</u>
Department of Transportation			
<u>Passed through Illinois Department of Transportation</u>			
High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants	20.319*	HSR14082	1,832,822
<i>Total Department of Transportation</i>			<u>1,832,822</u>
Total Expenditures of Federal Awards			<u>\$ 1,836,349</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

* Denotes major program

VILLAGE OF DWIGHT, ILLINOIS

Notes to Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2016

NOTE 1: BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards presents total federal awards expended for each individual federal program in accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA).

NOTE 2: BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Village of Dwight, Illinois and is presented on the cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash.

NOTE 3: SUB-RECIPIENTS

The Village of Dwight, Illinois did not provide awards to sub-recipients.

NOTE 4: OTHER DISCLOSURES

Amount of federal insurance, loans, and loan guarantees in effect during the year - None.

VILLAGE OF DWIGHT, ILLINOIS

Schedule of Findings and Questioned Costs For the Year Ended March 31, 2016

SECTION I: SUMMARY OF AUDITORS' RESULTS

- a. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of the Village of Dwight, Illinois.
- b. One significant deficiency and no material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. No instances of noncompliance material to the general government's financial statements of the Village of Dwight, Illinois were disclosed during the audit.
- d. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance For Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance.
- e. The Auditors' Report on Compliance for the major federal award programs for the Village of Dwight, Illinois expresses an unqualified opinion on all major federal programs.
- f. No audit findings relative to the major federal award programs for the Village of Dwight, Illinois are reported in Section III of this Schedule.
- g. The program tested as a major program includes: High Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance Grants (CFDA # 20.319).
- h. The threshold for distinguishing Types A and B programs was \$300,000.
- i. The Village of Dwight, Illinois was not determined to be a low-risk auditee.

VILLAGE OF DWIGHT, ILLINOIS

Schedule of Findings and Questioned Costs For the Year Ended March 31, 2016

SECTION II: FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016-01: Financial Statement Preparation

Condition:

Currently, the Village's personnel do not prepare the Village's financial statements and related disclosures, including the Schedule of Expenditures of Federal Awards. The Village engages the external auditors to assist in preparing these reports using the financial reports provided by the Village. While the Village's financial reports are complete and accurate, the Village does not prepare the related disclosures and Schedule of Expenditures of Federal Awards.

Criteria:

The Board of Trustees has the ultimate responsibility for the Village's system of internal control over financial reporting. While it is acceptable to outsource various functions, responsibility for internal control cannot be outsourced to external auditors. As independent auditors, the external auditors cannot be considered a part of the Village's system of internal controls.

In an ideal setting, the Board of Trustees or Village personnel would possess a thorough understanding of applicable accounting principles and stay abreast of recent accounting developments. Such personnel would perform a comprehensive review of the financial statements and disclosures, to ensure completeness and accuracy.

Cause:

Trustees and Village personnel may not possess comprehensive accounting knowledge to either prepare the disclosures and Schedule of Expenditures of Federal Awards, or to effectively perform the necessary review.

Effect:

Material misstatements to the financial statements may not be prevented or detected by the Village's system of internal controls.

Recommendation:

The Village should implement internal control procedures related to preparation and/or review of financial statements, and personnel should continue to increase their knowledge of financial matters.

VILLAGE OF DWIGHT, ILLINOIS

**Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2016**

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

VILLAGE OF DWIGHT, ILLINOIS

**Summary Schedule of Prior Audit Findings
For the Year Ended March 31, 2016**

There were no prior audit findings that affected federally funded programs.